

Brief Summary of Grid West RRG Meeting January 14, 2005

Introduction

This summary is intended to briefly describe the discussion during the January 14, 2005 meeting of the Grid West Regional Representatives Group (RRG). It is not intended to be a verbatim transcript of anyone's remarks, and it is not intended to suggest that any particular representative or entity at the RRG meeting agreed with or endorsed the views described in this summary.

Overview of January 14 Meeting

- The RRG met at the Portland Airport Sheraton Hotel in Portland, Oregon on Friday, January 14, 2005, from 8:30 a.m. to 1:00 p.m. PST.
- Approximately 65 people attended the RRG meeting, including thirty-four designated RRG representatives. One state representative attended the meeting in person and five state representatives participated by phone.
- The Grid Coordinating Team presented draft work plans for 2005 to the RRG, and the RRG reviewed the plans in detail. The RRG suggested changes to the work schedule in 2005, and the work plans were revised and re-posted to the Grid West website.
- Substantive changes to the work plans made by the RRG include: provide an additional month for development of products from the work groups, which targets the first review seminar in mid-May; following seminars in June and July, schedule the BPA comment period for August; schedule the Decision Point #2 RRG assessment meeting on September 29; begin the second membership window and election process the first of October; and elect the Board as soon as November 23 but not later than December 15, 2005.
- The RRG gave the Grid West Coordinating Team feedback on proposed guidelines for work groups. Using these guidelines, formation of the Pricing Work Group will get underway soon.
- The RRG discussed engaging with the Seams Steering Group-Western Interconnection (SSG-WI) on activities SSG-WI is addressing. The RRG also discussed possible interaction with the Transmission Issues Group ("TIG"). It was agreed that these topics would be further discussed on an RRG conference call scheduled for the afternoon of February 10.
- On behalf of the Interim Board and the Membership Admissions Committee, the Secretary of the Grid West Interim Board gave the RRG a brief update about Grid West membership activities and engagement of a search firm for Board candidates.
- The RRG scheduled a conference call on Thursday, February 10 from 1:00 p.m. to 4:00 p.m. PST, and RRG meetings for Thursday afternoons and Friday mornings on February 24-25, March 24-25, and April 28-29.

Presentation and Discussion of Proposed 2005 Work Plan Timelines and Products

Steve Walton led a presentation of the 2005 work plans. Page 2 lays out the timelines for seating the Development Board during 2005. (The RRG returned to the timelines later in the meeting and suggested modifications to the schedule of activities.)

Page 3 of the work plans illustrates the detailed product flow, work groups, and responsibilities of various groups of people. For instance, the work products of five work groups feed into informational seminars followed by a public review period. The work groups will get on-going feedback from the RRG. Responding to requests to bring information about the efforts of the Consolidated Control Area Group (CCA) to the RRG early, the RRG was told that while this group may need more time than proposed for design estimates, the RRG will be kept informed about the CCA's activities.

The lower portion of the product flow on page 3 shows activities and decisions of the filing utilities as funders of the development phase, and the role of the Interim Board in enrolling members and selecting a search firm to identify candidates for election to the Developmental Board.

Some RRG members commented that more time should be provided for development of details, and others thought they would need more time to review the products before the public review period. Several members cautioned that the RRG should be mindful of setting the appropriate balance between developing much more detail versus staying on an expeditious schedule. Chuck Durick, representing Idaho Power as a funding utility, pointed out that in order to make a decision about funding of further development, his organization will need to be convinced that there is a good opportunity to succeed (it's feasible); that the proposal returns benefits to the region; and that it has broad support in the region.

Allen Burns, BPA's RRG member, noted that further assurances from FERC about durability and engagement with TIG have a bearing on BPA's decision at the next milestone. Dick Byers, from the WUTC, concurred with the comments of Chuck and Allen – the scheduled timelines should allow time for enough good information to be put forward to make a well-informed decision.

Bud Krogh summarized that he heard strong feedback that more time needs to be built into the development work and review times. However, the membership and board candidate search activities can be done concurrently with work product development and be ready when the schedule calls for electing the Board.

Modifications to the 2005 Work Plans to Add More Time

The RRG decided to spend part of the meeting adjusting the time allowed for some activities and shifting key dates in the 2005 work plan timelines. These changes are shown in the 2005 work plans re-posted at http://www.gridwest.org/RRG_Main.htm. The majority of the changes were made to the timelines on page 2.

Related to the work group activity, the TSLG is aiming to have work products about design requirements and cost estimates ready for seminars by June 1, although some RRG members were concerned that TSLG may not be able to complete the twenty-nine white papers by then. The Risk Reward Group will provide as much information as possible about estimated benefits and costs by three weeks later, around June 22. The

Pricing Group has yet to be formed and establish a work plan schedule, but a tentative target date for proposing a fixed cost recovery method was set for June 1. Seminars to inform the RRG about the work group products were set for mid-May through mid-July.

The BPA comment period was scheduled for August 1 – 31. Throughout the product development period and the review period, the RRG will meet about monthly. The RRG's Decision Point 2 assessment meeting was scheduled for September 29. RRG meetings in February, March, and April were also set.

The current membership application window will extend until April 29. The second, on-going membership window will start when the funding agreement is approved (target is September 30). This initiates the MRC process to elect the Board. Once the process is initiated the election of the Board can occur as early as November 23 but not later than December 15.

RRG Discussion of Proposed Guidelines for Grid West Groups

Pricing Work Group

Sarah Dennison-Leonard discussed with the RRG expectations and the structure of the Pricing Work Group, which will get underway soon. She circulated draft guidelines for work groups, based on TSLG guidelines that have generally work well. After some discussion of expectations, the RRG endorsed the guidelines.

The Pricing Work Group will start by assessing the magnitude of the problem using updated data from transmission owners, scope out the problems and define the task, and in particular consider ways to address lost revenues. The goal is to prepare a proposal for RRG review by June.

Other Groups and Activities

Risk Reward Group

Members of the Risk Reward Group explained the effort underway to gather information using a survey. Initial narrative descriptions are due on January 31. The group also intends to include information from other analyses and studies, as well as an evaluation of consolidated control area impacts. One Risk Reward Group member has developed a draft matrix to help compile the information.

The Risk Reward Group will integrate results with the TSLG Module 5 information about costs by June. Seminar material will likely be in a matrix form, with low, medium, and high assumptions and estimates.

Outreach

Kurt Conger told the RRG about plans to redesign the Grid West website to make it more appealing and user-friendly. He also outlined a number of ideas for more effectively getting information out about Grid West, such as a periodical newsletter and a library of balanced presentation materials. Kurt acknowledged that it was a good suggestion to let interested people know when presentations are made in public power service areas.

Discussion of RRG Engagement with SSG-WI and with the TIG

RRG as Sounding Board to SSG-WI

Chuck Durick said he wanted to start a dialogue with RRG about its interest in engaging in SSG-WI activities. Kristi Wallis gave the RRG a brief update about the current status of a proposal for west-wide market monitoring. Dean Perry told the RRG about transmission expansion planning studies that SSG-WI's Planning Work Group is doing to look at market needs in the future for the interconnection. SSG-WI also has an outreach effort underway and is looking to expand its membership. Lou Ann Westerfield of the Idaho PUC thanked the Northwest for its support of SSG-WI.

Those RRG members who commented expressed support for engaging with SSG-WI and it was suggested that RRG could serve as a sounding board to provide feedback to SSG-WI on its activities, such as planning and market monitoring. Further discussion of the RRG being a sounding board to SSG-WI will be on the February 10 RRG conference call agenda.

RRG Interaction with Transmission Issues Group (TIG)

Allen Burns said BPA wants to work with TIG on some of the short-term efforts TIG has underway. He said BPA has challenged TIG to think about the decision-making related to TIG proposals. He suggested that the RRG consider acting as an advisory forum where TIG ideas can be discussed.

Lon Peters responded that TIG is not a closed group and is open to more participation. TIG is currently addressing four areas: common OASIS; planning/expansion; market monitoring; and reliability/security. Further discussion of RRG interacting with TIG will be teed-up on the February 10 RRG conference call.

Report about Membership Activities

Sharon Helms, Grid West corporate Secretary, reported that the Grid West Interim Board has initiated efforts to identify a firm to search for a slate of candidates to put before the Members Representative Committee. The Interim Board set April 29, 2005 as the closing date of the initial membership application window. During the initial window applicants can apply for active or declaratory membership. The opportunity to seek declaratory membership closes at the end of this initial application window, April 29.

Sharon also reported on behalf of the Membership Admissions Committee (MAC), which had its first meeting on January 7. Stefan Brown, Robert Kahn, Carol Opatrny, Aleka Scott, and Linc Wolverton are on the MAC. They accepted the first application for membership, which was submitted by the Montana Consumer Counsel.

There is now a link on the main page of the Grid West website to a "Grid West Membership Information" page. This page lists the status of members in four categories, that show Members and Declaratory Members subject to a 10-day challenge period and members whose 10-day challenge period has expired. The MAC is also preparing a membership application and worksheets, which will be posted soon.

Schedule of RRG Conference Call and Meetings

The RRG schedule the following:

Thursday, February 10, conference call from 1:00 p.m. – 4:00 p.m. PST

February 24-25 meeting, starting Thursday afternoon, ending Friday morning

March 24-25 meeting, starting Thursday afternoon, ending Friday morning

April 28-29 meeting, starting Thursday afternoon, ending Friday morning